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PROBLEMS IN PLANNING MATERIALS SUPPLY IN RUMANIA

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Comment: The following discussion of problems encountered in the supply and use of materials and tools needed for manufacturing is one of many which appeared in Rumanian press and periodical publications during 1952 on the need for conserving raw materials, the better use of available stocks, and the increased use of local raw materials supplies and fuels in local factories for local consumption.

The fulfillment of the Five-Year Plan requires great emphasis on the supply of materials. The plan for this supply covers raw materials, semimanufactured goods, machines, tools, fuel, and other items needed for manufacture. The government of the RPR (Rumanian People's Republic) has devoted special attention to the planning and organization of materials to assure steady and uninterrupted progress in production. Planned circulation of goods permits organization of the movement directly to the producer from the supplier, and then directly to the consumer. The circulation of industrial goods according to plan is carried out by contracts between producer and consumer within the limits of the plan. Thus, state enterprises, sales organizations, and ministries deliver materials only on the basis of the state plan and in quantities and varieties approved by the Council of Ministers.

Of special importance in a socialist economy is the struggle to conserve materials, to make rational use of them, to introduce new materials into production, and to replace those which are scarce, inadequate, or expensive. To solve problems in materials supply, the State Committee for Materials Supply was created. The principal task of this committee is the preparation of a national plan for the supply of raw materials. This plan is submitted to the Council of Ministers together with the production plan, the investment plan, and other major components of the state plan.

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A close relationship exists between the various plans. For example, the materials supply plan and the production plan must be completely integrated. A calculation of the quantities of materials to be distributed must take the production goals into account to assure production industries of the necessary raw materials and equipment. The materials supply plan must register the same figures as the production plan. Consequently, the State Committee for Materials Supply must actively participate in the determination of the volume and variety of production. The materials supply plan is also tied in with the investments plan. The volume of construction and assembly under the investments plan determines the quantity of materials which must be supplied. The materials supply plan is also closely linked to the plan for the reduction of production costs. Materials and fuel represent 75 percent of the total cost of industrial production. Thus a cut in the use of fuel and materials means a cut in costs. In addition, the materials supply plan is closely tied in with the national financial plan. The provisions of the financial plan must provide for sufficient raw materials and tools to transform investments into production.

There have been times when these various plans were not integrated with the materials plan. There have also been instances in which funds were allocated for general types of material and equipment only. Since the exact items were not specified in advance it was difficult to provide for their supply. Another error was incurred in the handling of turnover capital. Financial assets of enterprises are calculated on the basis of stocks necessary for production, of stocks of finished goods, of unfinished products, and of other elements. Up to now, however, stocks have not been determined in a scientific manner. The planned stock and turnover capital have failed to take into account the provisions of the supply plan and this has led to a series of grave errors in the national economy. Excess stocks which were created in some enterprises immobilized the turnover capital of these enterprises, while, at the same time, other enterprises lacked materials for the fulfillment of their own production plans. Antiparty and antigovernment elements under Vasile Luca, former Minister of Finance, sought to limit the development of the national economy, using, among other things, arbitrary fixing of the turnover capital without financial coordination of the funds of individual enterprises, and without coordination of the financial plan with production, supply, labor force, and investment.

The materials plan is coordinated with the technical plan, since the introduction of new processes and of Soviet methods assures the reduced use of raw materials, fuel, and equipment.

The fixing of the materials supply plan depends on a number of general principles. The first and most important is adherence to the objectives of the national economy for a given period. The second is the maintenance of records and schedules by enterprise and by sector. This permits the determination of which industries can receive short materials such as nonferrous metals. If these metals cannot meet the needs of all industries for a plan period, the needs of the principal branches of industry can be covered, for example, electric power and the electrical equipment industry, on which all other industries depend. Other sectors receive allotments according to their importance. The lack of nonferrous metals, for example, is offset by the use of replacement materials. A third principle involves the establishment of average progressive norms for the consumption of raw materials, fuel, and tools, and the organization of labor to apply these norms.

Up to now, the materials plan has suffered from serious errors stemming from the fact that the establishment of standard norms is still in progress. A great deal of inertia and passiveness have occurred in this respect. Important enterprises and even ministries have made too large demands on the

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supply plan. For example, the People's Council of Bihor demonstrated that the specific consumption of mine timbers in lignite and brown coal mines was .033 cubic meter, while in coal mines this was only .0056 cubic meter. The inflated demands of the lignite and brown-coal mines led to greater production costs. Units of the State Committee for Materials Supply erred by permitting enterprises to submit specific consumption figures without documentation or proof on the basis of which a critical analysis could have been made. By contrast, railroads were able to document satisfactorily their promises for curtailed use of fuel.

The preparation of a materials supply plan requires thorough preparation of planning and supply by party organs. The plan must define concrete responsibilities and indicate the supplier and the recipient of products delivered. This means that the person responsible must be designated for every task. This will permit liquidation of such cases as occurred in 1951 when a factory did not distribute its entire production.

Another very important principle of materials planning is the adherence to schedule. Delay by one ministry can hold up the entire plan for materials and in turn can delay the plan for the national economy. A detail of the plan, for example, is transportation. To assure the necessary number of railroad cars, for example, by January, producers must draw up exact transport plans, by 5 December, at the latest, stating the number of cars they will need and the exact destination of each. To do this, each producing enterprise must close local contracts with its consumers. This in turn can be done only if the state plan has already been approved. Thus it is necessary that ministries and economic organizations submit drafts of their production and investment plans to the State Committee for Materials Supply in time to permit coordination of this information in the materials plan. The most serious consequences can result from delays and failures to respect control figures. For example, in the first quarter of 1952, the transport capacity of tens of thousands of cars was lost because of the failure to coordinate various plans.

The norming of the use of materials constitutes a scientific basis for plan preparation. By the norming of the use of materials is meant the determination of the quantity of materials necessary per unit of production. In planning, the maximum quantities of materials necessary for the plan period must be determined for each unit of production. Norming of the use of materials prepares for the rational use and conservation of materials. The average progressive norm takes into account the specific consumption of materials achieved by leading production elements, such as Stakhanovites, using tools available. In preparing the norms, it is necessary to take into account the necessity for cutting the use of materials, especially of scarce or expensive items.

Competitions were organized in the RPR for the conservation of scarce materials. The Sarmei Industrial Wire Factory in Campia Turzii saved materials valued at 223,474 lei during April 1952. The steel section of the plant saved 190,000 lei. Innovations suggested at the 23 August Steel Plant in April 1952 will result in economies of 6,274,800 lei in materials. The collective of the Republica Steel Plant saved 150,000 lei between 20 March and 1 May 1952. Petroleum fields and enterprises have pledged conservation of materials.

During the first half of 1952, approximately 163 materials-use norms were revised and 728 other cases studied. These will be fixed by the beginning of 1953.

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A decree of the Council of Ministers and of the Central Committee of the party, issued 7 March 1952, provided that ministries, institutes, and central economic organizations establish materials norms for each enterprise and transmit them to the State Committee for Materials Supply by 20 April. In conformity with this decree, proposals were submitted to the committee by ministries and other units. However, it was found that not all proposals were well studied. Investment drafts were not well prepared. Statistical data in all fields was often incomplete, and showed exaggerated needs for materials. Technical offices did not always examine proposals closely. The Ministry of Agriculture caused delays by constantly repeated requests for more time.

Similar delays were caused by the Ministry of Petroleum and Coal Industries, the Ministry of Construction and Construction Materials Industries, the Ministry of Transports, the Ministry of Wood, Paper, and Cellulose Industries, and others.

In the future there must be a drive against carelessness in handling and storing materials. This is especially necessary in regard to wood and construction materials at lumberyards and at construction projects. The conservation of materials can best be accomplished by the removal of errors in the supply of materials and the establishment of strict progressive norms.

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